

ACT No. 80

Regular Session, 2004

SENATE BILL NO. 725

BY SENATOR HOLLIS

AN ACT

To amend and reenact R.S. 37:1782 and 1787(A)(4) and (D) and to enact R.S. 37:1787(F), relative to pawnbrokers; to provide for definitions; to provide for license eligibility; to provide for license revocation; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1.R.S. 37:1782 and 1787(A)(4) and (D) are hereby amended and reenacted and R.S. 37:1787(F) is hereby enacted to read as follows:

§1782. Definitions

As used in this Part:

(1) "Applicable liabilities" include trade or other accounts payable; accrued sales, income, or other taxes; accrued expenses; and notes or other payables that are unsecured or secured in whole or part by current assets.

~~(1)~~**(2)** "Commissioner" means the commissioner of the Office of Financial Institutions within the office of the governor.

(3) "Current Assets" include an investment made in cash, bank deposits, merchandise inventory and loans due from customers, excluding the pawn service charge. The term does not include an investment made in any of the following:

(a) Fixed assets of real estate, furniture, fixtures, or equipment.

(b) Stocks, bonds or other securities.

(c) Prepaid expenses or other general intangibles.

~~(2)~~**(4)** "Jewelry" means things consisting of precious stones and/or precious metals worn as adornment or apparel.

~~(3)~~**(5)** "Law enforcement officer" means:

1 (a) The law enforcement officers of the office of state police of the
2 Department of Public Safety and Corrections.

3 (b) The superintendent of the police of the city or town in which the
4 pawnbroker maintains a pawnshop or his duly authorized designee having been so
5 designated by title or position as one regularly responsible for the inspection and
6 regulation of pawnshops or one designated in writing to enforce the provisions of this
7 Part.

8 (c) The sheriff of the parish in which the pawnbroker maintains a pawnshop
9 or his duly authorized designee having been so designated by title or position as one
10 regularly responsible for the inspection and regulation of pawnshops or one
11 designated in writing to enforce the provisions of this Part.

12 ~~(4)~~(6) "License" means the certificate of authority to operate a pawnshop as
13 issued by the commissioner.

14 ~~(5)~~(7) "Maturity date" means the last date subsequent to the pawn transaction
15 upon which the pledgor can redeem a pledged thing.

16 ~~(6)~~(8) "Month" means that period of time from one date in a calendar month
17 to the corresponding date in the subsequent calendar month. If the subsequent
18 calendar month has no corresponding date, the last day of the subsequent month shall
19 be considered the corresponding date. In the event any period consists of more than
20 one month and the last month has no corresponding date, the last day of the last
21 month shall be considered the corresponding date.

22 ~~(7) "Net worth" means the excess of assets over liabilities.~~ (9) "Net Assets"
23 means the book value of current assets less applicable liabilities.

24 ~~(8)~~(10) "Pawnbroker" means a person who lends money on a deposit or
25 pledge or who takes other things into possession as security for money advanced or
26 who makes a public display at his place of business of the sign generally used by
27 pawnbrokers to denote his business, namely, three gilt or yellow balls, or who
28 publicly exhibits a sign that money is to be loaned on things on deposit.

29 ~~(9)~~(11) "Pawnshop" means the location at which, or premises upon which, a

pawnbroker regularly conducts business.

~~(10)~~**(12)** "Pawn transaction" means the lending of money on a deposit or pledge or taking other things into possession as security for money advanced. Any arrangement whereby a seller either reserves the right to redeem or repurchase a thing shall be considered a pawn transaction and the purchaser shall be subject to the provisions of this Part.

~~(11)~~**(13)** "Person" means natural and juridical persons.

~~(12)~~**(14)** "Things" means any property, movable and immovable, corporeal and incorporeal, and rights therein.

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§1787. Eligibility for license, net ~~worth~~ **assets or bond**

A. To be eligible for a license an applicant shall meet all of the following:

* * *

(4) Have a net ~~worth~~ **assets** of at least fifty thousand dollars **that are used or readily available for use in the business** or obtain and file with the commissioner a surety bond issued by a company licensed to do business in Louisiana in the amount of fifty thousand dollars.

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~~D. Each licensee shall maintain a net worth of at least fifty thousand dollars.~~

Net assets may include capital investment unencumbered by a lien or other encumbrance and subject to a claim by a general creditor. If the commissioner is unable to verify through the presentation of a current balance sheet or a finding by an accountant, or an individual holding a permit to practice accounting in this state, that the applicant **pawnbroker** meets the net ~~worth~~ **assets** requirement and through other means that the applicant for a pawnshop license meets and continues to meet the net ~~worth~~ **assets** requirement, then the commissioner may require the verification of the net ~~worth~~ **assets** requirement through an audited financial statement prepared by an independent certified public accountant authorized to practice in Louisiana by the State Board of Certified Public Accountants.

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R.S. 37:1787(F) is all new law.

F. A pawnbroker's license shall expire without a hearing sixty days after receipt of notice from the commissioner that he no longer meets the eligibility requirements of Paragraph A(4) of this Section, unless the pawnbroker requests an administrative hearing in writing within thirty days of receipt of the commissioner's notice. The commissioner shall promptly forward the request for hearing to the division of administrative law with a copy of the above notice to the pawnbroker. The administrative hearing shall be conducted within ninety days of the date the request for hearing is received by the division of administrative law, unless it is continued for good cause at the request of either party.

Section 2. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____